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FOR IMMEDIATE RELEASE

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Tiong Seng's 1Q2012 net profit more than doubled to S$5 million

- ***Group revenue surged 67% to S$103 million mainly due to an 81% jump in contribution from construction contracts segment***
- ***Strong S$1.25 billion order book to be fulfilled over the next 12 to 30 months***

S$'000	1Q2012	1Q2011	Change (%)
Revenue	**103,009**	61,537	+67
Net profit attributable to equity holders	**5,009**	2,139	+134
Earnings per share (cents) *	**0.65**	0.28	+132

	As at 31 Mar 2012	As at 31 Dec 2011
Net asset value per share (cents) *	**27.29**	**26.85**
Cash & cash equivalents (S$'000)	**43,601**	**79,845**

* *Based on 766,039,750 shares, net of non-controlling interests*

SINGAPORE – 10 May 2012 – Mainboard-listed construction group and property developer, **Tiong Seng Holdings Limited (長成控股)** ("Tiong Seng", together with its subsidiaries, "the Group"), today reported a 134% surge in net profit attributable to equity holders to S$5.0 million for the first quarter ended 31 March 2012 ("1Q2012"), boosted by higher revenue contribution from construction contracts.

During the period, the Group's construction contracts grew by 81%, contributing towards a 67% jump in overall revenue year-on-year to S$103.0 million, despite subdued performance from property development segment in the PRC and sales of its Cobiax green technology products.

Segmental review

Revenue breakdown (S$'000)	1Q2012	1Q2011	Change (%)
Construction contracts	**101,158**	55,950	+ 81
Sales of development properties	**-**	3,561	- 100
Sales of goods	**1,475**	1,711	- 14

Revenue recorded from **Construction contracts** was higher at S$101.2 million**,** mainly due to an aggregate of S$64.5 million generated from more work done for new and on-going projects in Singapore, such as The Wharf Residences, The Volari, Hotel at Upper Pickering Street, Hundred Trees, Tree House, Waterway Terraces I and The Glyndebourne. This was offset against an aggregate of S$19.8 million less work done for projects, namely NUS Staff Housing at Kent Vale, Hilltops and Shelford Suites.

Revenue from **sales of development properties** in China decreased by 100% as the Group had yet to recognise revenue from sold units due to its revenue recognition policy. As at 31 March 2012, the Group sold the remaining 6 units totaling 891 sqm of Tianjin Jinwan Building, and 5 units totaling 835 sqm of Phase 1 of the City Residence project (沧州阳光国际) in Cangzhou.

Revenue from the **sales of goods** segment dipped 14% to S$1.5 million due to lower sales volume in 1Q2012.

As at 31 March 2012, Tiong Seng holds a stable financial position with cash and cash equivalents of approximately S$43.6 million.

Based on 766,039,750 shares net of non-controlling interests, the Group achieved earnings per share ("EPS") of 0.65 Singapore cents for 1Q2012. Net Asset Value ("NAV") per share (excluding Treasury Shares) was 27.29 Singapore cents as at 31 March 2012.

Strong Order Book

The Group continues to achieve strong order book of approximately S$1.25 billion, comprising secured contracts from construction and civil engineering projects, of which majority are expected to be fulfilled over the next 12 to 30 months.

In accordance with the Group's revenue recognition policy, work done amounting to approximately S$11.2 million from newly commenced projects in Singapore have yet to be recognised as revenue in 1Q2012.

Away from home, Tiong Seng continues to build its property development business in the PRC. The Group's new high end residential project in Suzhou New District Xu Shu Guan Development Zone (浒墅关开发区) is expected to commence in 2Q2012. This new project is expected to yield approximately 630 units totaling 87,000 sqm.

As at 31 March 2012, the Group has completed the construction and sales of Phase 1 out of 4 Phases, of the City Residence project (沧州阳光国际) in Cangzhou. The other phases are currently in construction and sales for phase 2 and phase 4 commenced in 2Q2011 and 4Q2011 respectively. In addition, the Group is currently carrying out construction for Phase 1, Phase 2 and Phase 3 out of 7 phases for the Equinox project, while sales for Phase 1 commenced in 4Q2011. Sales for Phase 2 and Phase 3 are expected to commence in 2Q2012.

The Road Ahead

Construction

Against the subdued global economic backdrop, Singapore's economic growth is likely to remain restrained in 2012. Singapore's total construction demand is projected to range between S$21 billion and S$27 billion, compared to S$32 billion recorded in the year ago. The expected softening is largely due to lower projected demand from the private sector of between S$8 billion - S$12 billion. For 2013 and 2014, the average construction demand is projected to range between S$19 billion - S$27 billion per annum, of which, about 56% - 63% is expected to come from the public sector[1].

Commenting on the outlook for the construction sector, Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited said, "Although construction demand remains at healthy levels given the strong demand from the public sector in the next 3 years, we will remain steadfast in our pursuit of best practices to continually raise our competitive edge. This is necessary in meeting ongoing industry challenges, such as higher material costs and foreign workers' levies, and stiff competition from large foreign contractors."

Over the years, the Group has been focusing on improving productivity and efficiency across the board, through investments in technology such as pre-cast construction, automation, advanced formwork systems and training. Its cutting-edge green construction technology, Cobiax, not only raises its edge in green construction but also elevates overall efficiency through savings in concrete used (by as much as 30%) in reinforcement concrete slabs.

Added Mr Pek, "Tiong Seng's productivity and efficiency will be raised to another level with the upcoming launch of our Prefab Hub later this month. Using advanced facilities for automating the manufacture of pre-cast building components, we are able to double our current output to more than 100,000m^3 of precast components annually and at the same time reducing labour requirements by 50 to 70%. Apart from standardizing the quality of our pre-cast components, gross margins are expected to improve as we ramp up production."

Property Development in the PRC

The Chinese property market is expected to remain subdued given the government's measures to cool the property market, such as higher down-payments for mortages, price caps on real estate[2], and home purchase restrictions in more cities. These measures are expected to be maintained in the immediate term[3] while the government is also boosting housing supply by constructing 10 million affordable housing units.

Going forward, sales volume is expected to decline this year in view of lacklustre demand in the tier-one and tier-two markets[2]. However, the demand for quality housing will continue to be driven by PRC's urbanization. Its current urbanisation rate of 47% still lags behind the 85%[4] in developed countries, and therefore has more room to grow by an expected 1 percentage point every year for the next 20 years to approximately 70% by 2030[5].

Added Mr Pek, “The market has responded to the government’s cooling measures but we see this as a temporary situation because the demand for quality housing continues to present a strong potential in the long run in view of China’s relatively lower urbanisation rate. Meanwhile, we’ll continue to monitor policy changes closely and focus on the sales and development of our projects in China.”

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1 “Public sector projects to sustain construction demand in 2012”, Building and Construction Authority, 16 Jan 2012
2 “China should maintain property curbs: Vice Premier”, The Business Times, 29 November 2011
3 “China November home price in biggest drop this year”, Today, 2 December 2011
4 “China’s urbanisation rate to reach 50% by 2020”, Chinadaily.com.cn, quoting the 2009”, City Development Report of China, 5 Dec 2010.
5 “Urbanisation to drive China's growth”, Chinadaily.com.cn, 26 Mar 2011

About Tiong Seng Holdings

Tiong Seng is principally engaged in building construction and civil engineering in Singapore, and property development in the PRC.

With an established track record of over 50 years, Tiong Seng is one of the leading building construction and civil engineering contractors in Singapore. It holds the highest grading of A1 from the Building Construction Authority of Singapore (BCA) for both general building and civil engineering, which qualifies the Group to undertake public sector construction projects with unlimited contract value.

Tiong Seng’s property development business focuses on developing residential and commercial projects in various second- and third-tier cities in the PRC. The Group has successfully developed properties in Tianjin, Suzhou and Yangzhou and it currently has four on-going projects in the Bohai Economic Rim, which is one of the main economic zones in the PRC.